

Investor Enthusiasm for Global REITs Still Strong, Panelists Say

By Allen Kenney

(June 9)—Despite the losses sustained by REIT portfolios during the worldwide economic slowdown, investors remain bullish on global REITs for the long term, according to speakers at REITWeek 2009: NAREIT's Investor Forum®.

Tim Pire, managing director with Heitman Securities, Scott Crowe, global portfolio manager for Cohen & Steers Capital Management, Marco Merz, principal and senior investment strategist for Barclays Global Investors, and Bernhard Krieg, a portfolio manager with Brookfield Redding LLC, took part in a June 5 panel discussion on the global real estate investment platform. The panelists noted that investors still value the benefits of publicly traded real estate securities, such as liquidity and diversification.

"I think the opportunities for the REIT vehicle going forward are great," Pire said. "The REIT market is likely going to lead in terms of returns relative to the private market."

Merz stressed his clients' appreciation of the liquidity REITs have offered during the last two years. He said this should be a strong selling point for global REITs going forward.

"I think illiquidity will be the main factor investors remember from the last 24 months," he said. "That's what makes REITs positioned extremely favorably for an allocation going forward, because even during those times we were able to deliver liquidity."

The panelists downplayed concerns about the recent rise in correlation between REITs and the broader markets. They agreed that the REIT investment proposition still offers powerful diversification benefits for a portfolio. The rise in REITs trading with the broader markets can be attributed to the universal "fear" that had gripped investors, according to Merz. He predicted that investors will return to a more "fundamental approach" to assessing asset classes in the near future.

"I don't think we can change our tune just because we've seen a higher correlation in these markets in the last 18 months," Merz said. "Diversification is still the main driver when I talk about REITs and global real estate investing."

Crowe and Krieg both pointed to global REIT investment as a way to capitalize on growth opportunities in emerging markets. Crowe noted that emerging economies still need real estate development to help support their growing business activities.

"Now, we're really finding great values and really attractive entry points for long-term allocations into these markets," Krieg said.

(For a webcast of the panel, [please click here.](#))

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